

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS POSED BY PRESIDING OFFICER DURING CROSS-EXAMINATION
OF OCA WITNESS WILLETE**

The United States Postal Service hereby files this response to questions posed by the Presiding Officer during the cross-examination of OCA witness Willette (Tr. 21/10804-05) on February 18, 1998. The questions are paraphrased and followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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March 13, 1998

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO QUESTION POSED BY
PRESIDING OFFICER DURING CROSS-EXAMINATION OF OCA WILLETTE**

QUESTION FROM PRESIDING OFFICER (paraphrased from Tr. 21/10804-05):

Please provide a copy of any studies conducted since Docket No. R90-1 that estimate:

- (a) shortpayment or revenue deficiencies as a consequence of the use of either old, outdated, first-ounce First-Class Mail stamps or the use of extra-ounce stamps in place of First-Class stamps
- (b) the extent to which First-Class Mail users overpay for additional ounces using the basic First-Class Mail first-ounce stamp, as opposed to a stamp bearing postage equivalent to the additional-ounce rate.

RESPONSE:

In response to interrogatory OCA/USPS-T32-29 (Tr. 19/9052), the Postal Service provided the following estimates of shortpaid revenue within single-piece First-Class Mail:

FY95 Letters	\$121,192,000
Cards	1,205,000
FY96 Letters	\$124,221,000
Cards	1,059,000

In the course of preparing rebuttal testimony in this proceeding, the Postal Service developed estimates of shortpayment and overpayment of postage on single-piece First-Class Mail, based upon information collected during routine Revenue Pieces & Weight (RPW) data collection activity for FY96.

Based upon RPW data for FY96, it is estimated that 0.06 percent (28,932,000 of 47,060,843,000 pieces) of the 1-ounce single-piece First-Class Mail stream was

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(RESPONSE to Question posed at Tr. 21/10804-05 continued)

shortpaid. It is also estimated that 7.35 percent (477,894,000 of 6,500,538,000) of additional-ounce single-piece First-Class Mail were shortpaid. RPW breaks down these 506,826,000 shortpaid letters as follows:

<u>Number of Letters (000)</u>	<u>Postage on Piece (Cents)</u>	<u>Est. Shortpaid Revenue (\$000)</u>
402	5	109
1,036	10	228
24,782	20	2,974
2,712	23	244
<u>477,894</u>	32 or more	<u>120,665</u>
506,826	[Total]	124,221


For FY96, overpayment on single-piece First-Class Mail is estimated to have occurred on 1,099,982 pieces, generating \$257,234,000 in overpayment.

Generally, overpayment occurs when:

- (a) mailers of additional-ounce single-piece mail apply available 32-cent stamps to pay for additional ounces postage, rather than obtain stamps equivalent to the 23-cent additional-ounce rate; and
- (b) mailers of single-piece postcards apply available 32-cent stamps, rather than obtain stamps equivalent to the 20-cent postcard rate.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



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